

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 SS-15 NSC-10

GAC-01 L-03 H-02 OMB-01 TRSE-00 RSR-01 /090 W

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R 091420 Z MAY 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 1261

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMCONSUL MONTREAL

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

UNCLAS THE HAGUE 2130

E. O. 11652: , A

TAGS: ETRN, ETRD, EFIN

SUBJECT: CIVAIR: DIRECTIONAL IMBALANCE IN TRANSATLANTIC FARES

REF: HAGUE 2107 (NOTAL)

1. FURTHER BACKGROUND TO REFTEL FOLLOWS: BESIDES IATA EXCHANGE RATE FOR U. S.- NETHERLANDS FARES AT GUILDERS 3.277 PER DOLLAR, WE UNDERSTAND IATA RESOLUTION 021- L REQUIRES FARE TO BE PAID THROUGH PRESENT TOURIST SEASON IN CURRENCY OF COUNTRY WHERE JOURNEY BEGINS. SINCE CURRENT GUILDER BUYING RATE IS 2.89-2.95 PER DOLLAR (DEPENDING ON USE OF BANKNOTES OR CHECKS), AGREED IATA WESTBOUND FARES ARE ELEVEN TO THIRTEEN PERCENT
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HIGHER THAN EASTBOUND FARES AT CURRENT EXCHANGE RATES. THIS DIFFERENCE IS ONLY PARTIALLY COMPENSATED BY SIX (OR MORE) PERCENT DEVALUATION SURCHARGE ON PUBLISHED EASTBOUND DOLLAR FARE. THUS, NY- AMSTERDAM TOURIST ROUND- TRIP IS LISTED AT DOLLARS 504 OR DFL 1.652, BUT ACTUAL CHARGE FOR ROUNDTrip BEGINNING NEW YORK IS 536 DOLLARS. IF TICKET BOUGHT IN U. S. FOR TRIP ORIGINATING NETHERLANDS, FURTHER SURCHARGE OF ABOUT SIX PERCENT IS LEVIED TO BRING COST TO GUILDER LEVEL. RESULT: IT IS MORE EXPENSIVE FOR EUROPEAN TO GO TO AMERICA THAN FOR AMERICAN TO GO TO EUROPE.

2. COMMENT: BESIDES INCREASING DOLLAR RATES SIX PERCENT TO COUNTER EFFECT OF DEVALUATION, IATA HAS NEATLY PROTECTED EUROPEAN AIRLINE INTERESTS FURTHER BY MAINTAINING PRE- DEVALUATION EXCHANGE DIFFERENTIAL. WHILE RESULT IS BENEFICIAL TO REVENUES OF ALL TRANSATLANTIC CARRIERS, EFFECT IS TO SABOTAGE TRAVEL- AMERICA PROGRAM AS WELL AS TO OPERATE AGAINST U. S. BOP INTERESTS. OFFICIAL TRAVEL ORIGINATING IN EUROPE IS ALSO AFFECTED.

3. WOULD APPRECIATE COMMENT ON OUTLOOK FOR CORRECTING THIS INEQUITY AND OBSTACLE TO EXPANDING VISIT USA PROGRAM.
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